

Testimony for
Children Families Health and Human Services Interim Committee

August 6, 2018

Madam Chairman, Members of the Committee, my name is Robert Tallon. I am the Executive Director of Reach, Inc. in Bozeman, MT. I have come here today to testify regarding the restoration of the 2.99% provider rate cut. I want to talk about one specific part of the budget cut, the change in funding for Individual Goods and Services, Nursing Services, Homemaker Services, Transportation Other, and Mileage Reimbursement. These expenses are medically required services provided by a third-party who is then reimbursed by the provider. The provider then bills the State for reimbursement. This activity affects 37 of our clients here at Reach and totals \$121,500 or 4% of our budget. In order to save additional General Fund during the budget cutting process, the State of Montana eliminated the administrative fee for these five services.

When General Funds were used, we were able to charge up to a 15% administrative fee for managing these funds. This includes collecting invoices, recording invoices, writing checks, accounting for the checks and invoicing the State of Montana for reimbursement. Now, without General Fund money, we are not allowed to charge any administrative fee and are processing over 600 transactions per year. I would like to propose that the State of Montana go back to funding administrative fees for these four lines of service under General Fund and allow a modified reimbursement rate for providers. Specifically I recommend a 15% fee for all checks under \$130 and checks of \$130 or more would be charged a flat rate of \$20 per check. This would hold fees lower than the State of Montana has seen in the past and is a much more reasonable

reimbursement rate than currently allowed for Acumen, the fiscal intermediary service for the State of Montana. If providers aren't allowed to charge a fee and our clients must go to Acumen, most of them will lose significant amounts of service dollars.

For example, Sam has \$2900 in Individual Goods and Services in order to buy medical supplies and to maintain his specialized wheelchair. If he has to turn to Acumen and they write three checks per month, the service fees will be \$1494 the first year, or over half of the total that he has in this category. The fee schedule I am proposing would cost \$322.

This may seem like a small sliver of the overall picture, but it is an issue that affects every provider in Montana who has these lines of service and many, many clients. It's unreasonable to ask providers to take on these numbers of transactions for no reimbursement and it's irresponsible to reduce services in exchange for high administrative fees.

Thank you for your consideration of this matter.